

## House Republican Press Release

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### Rep. Hamzy Opposes 2005 – 2007 Budget Proposal



The two-year budget approved by the state House of Representatives violates the Constitutional Spending Cap and the tax increases it imposes on business to pay for the excessive spending will chase more employers out of Connecticut and mean fewer jobs, state Representative William A. Hamzy, R-78th District, said today.

The budget (House Bill 6940) was approved 100 – 50 early Tuesday morning, with most Democrats supporting the proposal and most Republicans voting to reject it.

“The majority Democrats’ near-unanimous support for this spending package is a slap in the face to the overwhelming majority (81 percent) of Connecticut voters who put the cap in place in 1991 to prevent the legislature from doing exactly what was done early this morning – endorsing runaway spending that our overburdened taxpayers simply cannot afford,” Representative Hamzy said. “This budget violates the state’s Constitutional Spending Cap this year, next year and the year after that.”

“This spending package, which will cost taxpayers \$13.3 billion during the 2005 fiscal year; \$14.1 billion in the 2006 fiscal year, and \$14.7 billion in 2007, makes no attempt whatsoever to reduce spending to balance the budget,” Representative Hamzy said, “Instead, it increases spending by 8.9 percent in the first year and 3.3 percent in the second for a total overall hike of 12.2 percent. ”

“With this year’s projected surplus expected to amount to \$700 million, the responsible thing to do would have been to deposit it in the state’s rainy day fund or use it to help pay off the state’s bonded indebtedness. Rather than treating hard-earned taxpayer dollars with the respect they deserve, \$650 million was taken from the surplus to help pay for the majority party’s bloated spending programs.” Representative Hamzy said.

“In addition to raiding the surplus to support this budget, the majority Democrats also are taking aim at Connecticut employers,” Representative Hamzy said. “The state currently levies a 7.5 percent tax on corporate profits. On top of that, they want to add surcharges of 20 percent for the 2006 business tax year and 15 percent in the 2007 business tax year. Businesses here already pay some of the highest taxes in the country. Our corporate tax structure discourages Connecticut companies from expanding and makes out-of-state businesses think twice about moving here and creating new jobs.”

“Instead, they are moving to the low-tax states in the south and southwest – and the resulting job shortages are forcing thousands of hard-working Connecticut residents to leave as well. Those states are prospering and gaining population while Connecticut’s confiscatory taxes are stifling economic growth and forcing our young people to look elsewhere for employment. This budget will accelerate that trend,” Representative Hamzy said.